GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:1161
ANSWERED ON:01.03.2006
EXPANSION OF COAL INDUSTRY
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Will the Minister of COAL be pleased to state:

(a) whether the Planning Commission had given certain recommendations for expansion of the coal industry as per the requirement of the country;

(b) if so, the details thereof; and

(c) the steps taken by the Government to implements these recommendations?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO)

(a) to (c) Planning Commission had given certain recommendations for expansion of the coal industry. The main recommendations along with the steps taken by the Government to implement the recommendations are as under :

1. Pending the passage of the Coal Mines Nationalisation (Amendment) Bill 2000, increase the number of players in coal mining through captive mining. Increase the flexibility of captive mines by permitting captive block holders to sell incidental coal surpluses during development and operation of the block to CIL or directly to currently linked end users; and allow group-captive mines. Set a target for the Ministry of Coal to achieve at least 50 mt of captive production by 2012.

Status: Government of India have already allocated/decided for allocation 91 coal blocks out of which production has started in 8 coal blocks. Development of coal blocks involves a long gestation of about 3 to 5 years to reach production stage and about another two years to reach its optimal production capacity.

2. Amend Section 3 of the Coal Mines (Nationalisation) Act, 1973 to facilitate offering of coal blocks to potential entrepreneurs through competitive bidding.

Status: The proposed amendment is under consideration of the Ministry in consultation with the Law Ministry .

3. Restructure CIL. One possibility could be dismantling of the holding company structure, extending autonomy to the individual coal companies, allowing these coal com panies to compete with one another and reviving the loss making coal PSUs.

Status: The matter is being examined by the Expert Committee set up in the Ministry.

4. Permit trading and marketing of coal by removing it from the list of essential commodities.

Status: The Department of Consumers Affairs is taking necessary steps in the matter.

5. Make available about 10 per cent of the domestic production through e-auctions open to traders and actual users.

Status: The sale of coal through e-auctioning is continuing based on the encouraging reports on the performance of this scheme.

6. Promote additional thermal coal imports under long term supply contracts.

Status: Import of coal is already under open general license. Coal is being imported by the conswners as per their requirement.

7. Extend infrastructure status to the coal industry. Lower duties on capital goods imported for coalmines.

Status: The matter is being examined by the Expert Committee constituted in this Ministry.

8. Review the royalty on coal and c;onsider switching to an ad-valorem basis.

Status: A Committee has been set up to consider the revision of royalty on coal. The Committee would submit its report after taking the views/comments of the major Coal producing States, major coal consumers and other stakeholc.ers.